

Message Text

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PAGE 01 NEW DE 06929 251243Z

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ACTION NEA-09

INFO OCT-01 ISO-00 CCO-00 /010 W

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 1671

LIMITED OFFICIAL USE NEW DELHI 6929

STADIS//////////

FOR NEA/INS BORN

E.O. 11652: N/A

TAGS: IN, EFIN, ABLD

SUBJ: POAGE LETTER TO MOYNIHAN RE CAPCO

REF: STATE' 109244 AND 109964

PLEASE LOCATE CHAIRMAN POAGE TODAY AND PASS ON THE FOLLOWING
REPLY TO HIS MESSAGE:

"DEAR MR. CHAIRMAN:

I JUST RECEIVED YOUR LETTER OF MAY 20 WHICH THE DEPARTMENT
PASSED ON TO ME. I CAN UNDERSTAND YOUR CONCERN AT HAVING BEEN
TOLD THAT THE GENERATOR PROBLEM HAD NOT BEEN RESOLVED. THE FACTS
OF THE MATTER HOWEVER ARE VERY DIFFERENT FROM THOSE DESCRIBED
TO YOU AND I FEAR THAT YOUR HOSPITALITY AND WILLINGNESS TO
HELP A US FIRM HAVE BEEN ABUSED.

THE CURRENT STATE OF PLAY IS AS FOLLOWS. YESTERDAY MAY 24
CAPCO'S LOCAL REPRESENTATIVE MET WITH MY STAFF AND TOLD THEM
THAT HE HAD REACHED VERBAL AGREEMENT WITH THE INDIAN GOVERNMENT
OFFICIALS INVOLVED TO PERMIT THE IMPORTATION OF THE GENERATORS.
HE PLANNED TO COMPLETE WRITTEN ARRANGEMENTS IN THE NEXT FEW DAYS.
WE TOLD HIM THAT THE ARRANGEMENT HE WAS NEGOTIATING WAS FINE
WITH US AND THAT WE WOULD SIGN A CONTRACT WITH HIM AS SOON AS
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HE WAS READY. THE ORIGINAL LETTER OF INTENT TO PURCHASE THE

GENERATORS DID INDEED CARRY A TIME LIMIT. THIS HAS BEEN EXTENDED TWICE AND WE HAVE TOLD CAPCO AND ITS REPRESENTATIVE HERE THAT WE ARE PREPARED TO EXTEND THE DEADLINE FURTHER IF THAT IS NECESSARY IN ORDER TO CLOSE THE DEAL.

I WON'T TROUBLE YOU WITH ALL THE DETAILS OR THE DIFFICULTIES WE TOGETHER WITH CAPCO AND ITS REPRESENTATIVE HAVE BEEN THROUGH. THE GIST OF THE MATTER IS THAT CAPCO WILL SELL THE GENERATORS AND WE WILL GET THE EMERGENCY POWER CAPACITY WE NEED. OUR RELATIONSHIP WITH CAPCO HAS BEEN EXCELLENT THROUGHOUT. I DON'T KNOW WHO THE HELL JEFFREY HYDE IS BUT DAVID SHAMP, THE PRESIDENT OF CAPCO, HAS REPEATEDLY TOLD US HOW PLEASED HE HAS BEEN WITH EMBASSY COOPERATION.

LET ME ASSURE YOU THAT I REMEMBER YOUR HELPFULNESS AND INTEND TO DO EVERYTHING IN MY POWER TO CLOSE THIS DEAL. SOMEONE MAY BE HOT UNDER THE COLLAR IN WASHINGTON BUT THINK OF US - IT WAS A COOL 101 DEGREES YESTERDAY, DOWN FROM 110 DEGREES LAST WEEK AND IT WILL BE 116 DEGREES SOON. WE CAN USE THOSE GENERATORS.

I'LL KEEP YOU INFORMED OF WHAT I HOPE WILL BE THE FINAL PHASE NEXT WEEK.

IF YOU FEEL THERE IS ANY NEGLIGENCE ON THE PART OF ME OR MY EMBASSY PLEASE LET ME KNOW IMMEDIATELY. YOU WILL RECALL THAT I GAVE YOU MY WORD THAT I WOULD PERSONALLY ATTEND TO THIS MATTER. I AM NOT IN THE HABIT OF SAYING ONE THING AND DOING ANOTHER.

I SPENT MUCH OF THIS MORNING WITH THE INDIAN MINISTER OF PETROLEUM DISCUSSING INDIA'S NEWSLY SIGNED CONTRACTS WITH TWO AMERICAN GROUPS OF FIRMS FOR OFFSHORE OIL EXPLORATION - THE ONLY TWO SUCH CONTRACTS IT HAS ENTERED INTO FOR A DECADE WITH ANY FOREIGN FIRM. THE MINISTER ALSO INFORMED ME THEY HAVE DECIDED TO PURCHASE A \$50 MILLION OIL PLATFORM FROM A TEXAS FIRM AND ARE NEGOTIATING FOR DEEP DRILLING RIGS WITH ANOTHER TEXAS FIRM. THEY ARE DOING THIS FOR THEIR OWN BENEFIT, JUST AS THE AMERICAN COMPANIES ARE SELLING THEIR GOODS FOR THEIRS. I AM HERE IN INDIA TO REPRESENT AMERICAN INTERESTS AND I TRY TO DO SO, EVEN WHEN LIMITED OFFICIAL USE

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THE OUTFITS ARE AS PANICKY AS CAPCO. FRANKLY, HOWEVER, I THINK THEY HAVE GOTTEN MORE THAN THEIR SHARE OF ATTENTION. MY MOST URGENT CONCERN IS ON BEHALF OF TEXAS OIL COMPANIES WHO REALLY CAN DO HONEST AND IMPORTANT BUSINESS OUT HERE.

BEST REGARDS.
PAT MOYNIHAN"

STATE'S 109964 WAS RECEIVED AFTER THE PREPARATION OF THE ABOVE MESSAGE. PLEASE TELL FBO THAT WE REMAIN CONVINCED THAT IT WOULD NOT BE APPROPRIATE TO GO BACK TO SQUARE ONE IN THIS MATTER AND SEEK NEW BIDS. WE HAVE ISSUED A LETTER OF INTENT TO CAPCO AND WE SHOULD SEE THIS THROUGH. THE CAPCO BID IS WELL BELOW PRICE'S BID AND WE WOULD NOT BE PREPARED TO SIGN ANY CONTRACT WITH PRICE. ATLANTIC HAS SHOWN ONLY PERFUNCTORY INTEREST AND WE SEE NO ADVANTAGE IN PURSUING ATLANTIC WHEN WE HAVE AN ARRANGEMENT APPARENTLY CLOSE TO SETTLEMENT. MOYNIHAN

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